

4/24/08

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 JEFF HATCH-MILLER
 KRISTIN K. MAYES
 GARY PIERCE

BRIAN C. McNEIL
 EXECUTIVE DIRECTOR

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ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Mike Gleason, Chairman
 William A. Mundell
 Jeff Hatch-Miller
 Kristin K. Mayes
 Gary Pierce

Arizona Corporation Commission

DOCKETED

APR 11 2008

FROM: Matthew J. Neubert
 Director of Securities

DOCKETED BY

nr

DATE: April 9, 2008

RE: Trend Management Group, Inc., *et al.* (S-020476A-06-0557); Order to Cease and Desist, Order of Restitution, Order for Administrative Penalties, and Consent to Same by Scott Renny Bogue, Sr.

CC: Brian C. McNeil, Executive Director

Attached is a proposed Order to Cease and Desist, Order of Restitution, Order for Administrative Penalties, and Consent to Same by Scott Renny Bogue, Sr. ("BOGUE"). The Order finds that BOGUE violated A.R.S. §§44-1841 and 44-1842 by selling unregistered securities while being unregistered, which sales involved Trend Management Group, Inc.; Trend Capital, L.L.C.; and, The Trend Group, Inc. (collectively the "Trend Entities"). The Order requires BOGUE to cease and desist his activity, pay restitution in the amount of \$8,895,000, and pay an administrative penalty in the amount of \$100,000.

The Order resolves BOGUE'S involvement in this matter and is tied to the receivership of the Trend Entities that are currently under the control of Receiver Peter S. Davis appointed by the Superior Court of Arizona - Maricopa County in Case No. CV2006-016822, the action previously authorized by the Commission. Between August 2001 and October 2005, the Trend Entities raised more than \$15.9 million from over 300 investors, many of whom were elderly, by selling securities in the form of stock and investment contracts involving the purchase, servicing, and sale of distressed consumer receivables. Investors have submitted claims in excess of \$11 million to the Receiver who, as of December 31, 2007, has marshaled assets of approximately \$5.4 million. In the next few months, the Receiver will propose a plan to make distributions to investors. The restitution under the Order (\$8,895,000) holds BOGUE responsible for those investors' funds that were actually received by Trend Management Group, Inc. and, therefore, were under the direct control of BOGUE.

The Securities Division believes that the Order is appropriate to protect the public welfare.

Originator: Aaron S. Ludwig

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

In the matter of)

Trend Management Group, Inc., a Nevada)
corporation)
7047 East Greenway Parkway, #250)
Scottsdale, AZ 85254)

DOCKET NO. S-020476A-06-0557

DECISION NO. _____

Scott Renny Bogue, Sr. and Arlene Jane)
Bogue, husband and wife)
12308 Camberwell Court)
Raleigh, NC 27614)

**ORDER TO CEASE AND DESIST, ORDER
OF RESTITUTION, ORDER FOR
ADMINISTRATIVE PENALTIES AND
CONSENT TO SAME**

Ryan James Herndon and Lori Darlene)
Herndon (a.k.a. Lori J. Herndon a.k.a. Lori)
Jordan),)
husband and wife)
609 East Silverwood Drive)
Phoenix, AZ 85048)

BY: SCOTT RENNY BOGUE, SR.

Trend Capital, LLC, an Arizona limited)
liability company)
4025 East Chandler Blvd. Suite 70F15)
Phoenix, AZ 85048)

Linda Bryant Jordan (a.k.a. Linda Van)
Vranken a.k.a. Linda Jordan-Van Vranken),)
a married person, individually and doing)
business as The Trend Group, Inc.)
3641 East Park Avenue)
Phoenix, AZ 85044)

Russell Langdon Van Vranken, husband of)
Linda Bryant Jordan)
3641 East Park Avenue)
Phoenix, AZ 85044)

Easy Street Financial Group, Inc., an)

1 Arizona corporation)
 2 9949 West Bell Road #202)
 3 Sun City, AZ 85371)
 4 Christopher Ellis Marx and Jane Doe Marx,)
 5 husband and wife,)
 6 6623 West Desert Hollow Drive)
 7 Glendale, AZ 85310)
 8 Scot Alan Oglesby and Lori Ann Oglesby,)
 9 husband and wife,)
 10 36322 North 12th Avenue)
 11 Desert Hills, AZ 85086)
 12 Respondents.)

13 Respondent Scott Renny Bogue, Sr. elects to permanently waive any right to a hearing and
 14 appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.*
 15 (“Securities Act”) with respect to this Order To Cease And Desist, Order of Restitution, Order of
 16 Administrative Penalties and Consent to Same (“Consent and Order”). Respondent Scott Renny
 17 Bogue, Sr. admits the jurisdiction of the Arizona Corporation Commission (“Commission”);
 18 neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order;
 19 and consents to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

20 1. TREND MANAGEMENT GROUP, INC. (“TREND MANAGEMENT”) did business in the
 21 state of Arizona. TREND MANAGEMENT made application to transact business as a foreign
 22 corporation with the state of Arizona, domiciled in Nevada, on or about February 1, 2001. TREND
 23 MANAGEMENT was organized as a corporation under the laws of the state of Nevada on or about
 24 February 5, 2001.

2. TREND MANAGEMENT is not registered to sell securities in the state of Arizona.

25 3. TREND CAPITAL, LLC (“TREND CAPITAL”) did business in the state of Arizona.
 26 TREND CAPITAL was organized as a limited liability company under the laws of the state of
 Arizona on or about September 10, 2003.

1 4. TREND CAPITAL is not registered to sell securities in the state of Arizona.

2 5. THE TREND GROUP, INC. ("TREND GROUP") did business in the state of Arizona.
3 TREND GROUP attempted to register as a corporation in the State of Nevada on June 22, 2005, but
4 failed to follow through with incorporation requirements and is currently in default as of August 1,
5 2005.

6 6. TREND GROUP is not registered to sell securities in the state of Arizona.

7 7. TREND MANAGEMENT, TREND CAPITAL and TREND GROUP are all currently under
8 the control of court appointed receiver Peter S. Davis, appointed under Cause No. CV 2006-16822
9 Superior Court of Maricopa County, (the "Receiver").

10 8. SCOTT RENNY BOGUE, SR. ("BOGUE") is an individual who was the President and CEO
11 of TREND MANAGEMENT according to corporation documents filed in the state of Nevada and
12 the state of Arizona.

13 9. TREND MANAGEMENT'S July 20, 2003 Private Placement Memorandum ("PPM #3")
14 reflects that BOGUE was the President and Treasurer of TREND MANAGEMENT. BOGUE held
15 50% of TREND MANAGEMENT'S issued common stock.

16 10. BOGUE is not currently registered to sell securities in the Arizona, nor was he registered at
17 any time relevant to this Consent and Order. BOGUE has previously been registered to sell securities
18 in Arizona (CRD# 1588216) from June 6, 1988 to February 28, 1989, from July 14, 1989 to
19 September 23, 1989 and from January 24, 1991 to February 27, 1991. BOGUE applied for salesman
20 registration in the Arizona on June 3, 2003, but was not registered by the state of Arizona.

21 11. RYAN JAMES HERNDON ("HERNDON") is an individual who was the Secretary of
22 TREND MANAGEMENT according to the records of the Arizona Corporation Commission,
23 Corporations Division.

24 12. HERNDON is the only named managing member of TREND CAPITAL and the sole
25 member of TREND CAPITAL.
26

1 13. TREND MANAGEMENT'S PPM #3 reflected that HERNDON was the Vice President and
2 Secretary of TREND MANAGEMENT. HERNDON holds 50% of TREND MANAGEMENT'S
3 common stock.

4 14. Beginning on or about September 24, 2001 until on or about November 11, 2004, TREND
5 MANAGEMENT sold shares of its A and B preferred stock to individuals.

6 15. TREND MANAGEMENT preferred stock was issued to approximately 25 individual
7 investors. These individual investors paid TREND MANAGEMENT approximately \$1,210,200.
8 Twenty-three of the 25 investors were repaid their investments prior to the appointment of the
9 Receiver. The remaining two investors continue to be owed approximately \$181,966.

10 16. TREND MANAGEMENT issued sales commissions of approximately 5% to 8% to
11 approximately five sales agents for the sale of TREND MANAGEMENT stock.

12 17. TREND MANAGEMENT issued sales commissions of approximately 8% to TREND
13 CAPITAL for the sale of the TREND MANAGEMENT stock.

14 18. The majority of the TREND MANAGEMENT preferred stock was issued to TREND
15 CAPITAL. TREND CAPITAL transferred to TREND MANAGEMENT approximately \$8,713,065
16 for the preferred stock investment. BOGUE knew that the commissions paid to TREND CAPITAL
17 were subsequently being paid to salespersons for the sale of securities sold by TREND CAPITAL to
18 individual investors.

19 19. TREND CAPITAL held the TREND MANAGEMENT preferred stock in its own corporate
20 name and was the owner of record. TREND CAPITAL then issued "certificates of participation" in
21 TREND CAPITAL to its individual investors in the form of membership interests of TREND
22 MANAGEMENT stock.

23 20. Between January 5, 2004 and October 2005, TREND CAPITAL raised over \$13,870,547
24 from investors. TREND CAPITAL issued Certificates of Participation in TREND CAPITAL to
25 approximately 341 investors. BOGUE contends that he was unaware of all funds raised by TREND
26 CAPITAL and HERNDON. BOGUE consented to the appointment of the Receiver in order to

1 account for all funds raised from investors and to allow the Receiver to marshal assets for the benefit
2 of investors in TREND MANAGEMENT, TREND CAPITAL and TREND GROUP.

3 21. TREND CAPITAL used sales agents, usually insurance salespeople, to solicit investors in the
4 TREND CAPITAL Certificates of Participation.

5 **II.**

6 **CONCLUSIONS OF LAW**

7 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
8 Arizona Constitution and the Securities Act.

9 2. Respondent SCOTT RENNY BOGUE, SR. offered or sold securities within or from
10 Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

11 3. Respondent SCOTT RENNY BOGUE, SR. violated A.R.S. § 44-1841 by offering
12 or selling securities that were neither registered nor exempt from registration.

13 4. Respondent SCOTT RENNY BOGUE, SR. violated A.R.S. § 44-1842 by offering
14 or selling securities while neither registered as a dealer or salesman nor exempt from registration.

15 5. Respondent's conduct is grounds for a cease and desist order pursuant to A.R.S. §
16 44-2032.

17 6. Respondent's conduct is grounds for an order of restitution pursuant to A.R.S. § 44-
18 2032.

19 7. Respondent's conduct is grounds for administrative penalties under A.R.S. § 44-
20 2036.

21 **III.**

22 **ORDER**

23 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondent's
24 consent to the entry of this Order, attached and incorporated by reference, the Commission finds
25 that the following relief is appropriate, in the public interest, and necessary for the protection of
26 investors:

1 IT IS ORDERED, pursuant to A.R.S. § 44-2032 that Respondent SCOTT RENNY
2 BOGUE, SR., and any of Respondent's agents, employees, successors and assigns, permanently
3 cease and desist from violating the Securities Act. Respondent shall not sell any securities in or
4 from Arizona without being registered in Arizona as dealers or salesmen, or exempt from such
5 registration. Respondent shall not sell securities in or from Arizona unless the securities are
6 registered in Arizona or exempt from registration.

7 IT IS FURTHER ORDERED that Respondent comply with the attached Consent to Entry
8 of Order.

9 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondent SCOTT
10 RENNY BOGUE, SR. shall pay restitution to the Commission in the amount of Eight Million
11 Eight Hundred Ninety-five Thousand Dollars (\$8,895,000). Respondent SCOTT RENNY
12 BOGUE, SR.'s restitution obligation under this provision shall be reduced by the gross amount
13 collected by the Receiver in Cause No. CV2006-16822. Restitution as called for under this
14 paragraph shall become immediately due and payable and interest shall accrue at the rate of 10%
15 from the date of this order. Any restitution paid or collected under this provision shall be paid to
16 the court appointed Receiver in Cause No. CV2006-16822 for further distribution as ordered by
17 the court in the receivership action.

18 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 that Respondent SCOTT
19 RENNY BOGUE, SR. shall pay an administrative penalty in the amount of \$100,000. Interest
20 shall accrue at 10% on the \$100,000 penalty amount from the date of this order. The payment
21 obligations for these administrative penalties shall be subordinate to any restitution obligations
22 ordered herein. Any payment under this provision shall be made to the "State of Arizona."

23 IT IS FURTHER ORDERED, that if Respondent SCOTT RENNY BOGUE, SR. fails to
24 comply with this order, the Commission may bring further legal proceedings against that
25 Respondent, including application to the superior court for an order of contempt.

26 ...

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
Executive Director of the Arizona Corporation
Commission, have hereunto set my hand and caused the
official seal of the Commission to be affixed at the
Capitol, in the City of Phoenix, this ____ day of _____,
2008.

BRIAN C. McNEIL
Executive Director

DISSENT

DISSENT

This document is available in alternative formats by contacting Linda Hogan, Executive Assistant
to the Executive Director, voice phone number 602-542-3931, E-mail lhogan@azcc.gov.

(LHJ/ASL)

CONSENT TO ENTRY OF ORDER

1
2 1. Respondent SCOTT RENNY BOGUE, SR. admits the jurisdiction of the
3 Commission over the subject matter of this proceeding. Respondent SCOTT RENNY BOGUE,
4 SR. acknowledges that he has been fully advised of his right to a hearing to present evidence and
5 call witnesses and Respondent knowingly and voluntarily waives any and all rights to a hearing
6 before the Commission and all other rights otherwise available under Article 11 of the Securities
7 Act and Title 14 of the Arizona Administrative Code. Respondent SCOTT RENNY BOGUE, SR.
8 acknowledges that this Order To Cease And Desist, Order of Restitution, Order of Administrative
9 Penalties and Consent to Same ("Order") constitutes a valid final order of the Commission.

10 2. Respondent SCOTT RENNY BOGUE, SR. knowingly and voluntarily waives any
11 right under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal,
12 or extraordinary relief resulting from the entry of this Order.

13 3. Respondent SCOTT RENNY BOGUE, SR. acknowledges and agrees that this Order
14 is entered into freely and voluntarily and that no promise was made or coercion used to induce
15 such entry.

16 4. Respondent SCOTT RENNY BOGUE, SR. acknowledges that he has been
17 represented by an attorney in this matter, he has reviewed this Order with his attorney, Stephen M.
18 Dichter, and understands all terms it contains.

19 5. Respondent SCOTT RENNY BOGUE, SR. neither admits nor denies the Findings
20 of Fact and Conclusions of Law contained in this Order. Respondent agrees that he shall not
21 contest the validity of the Findings of Fact and Conclusions of Law contained in this Order in any
22 present or future administrative proceeding before the Commission or any other state agency
23 concerning the denial or issuance of any license or registration required by the State to engage in
24 the practice of any business or profession.

25 6. By consenting to the entry of this Order, Respondent SCOTT RENNY BOGUE, SR.
26 agrees not to take any action or to make, or permit to be made, any public statement denying,

1 directly or indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the
2 impression that this Order is without factual basis. Respondent will undertake steps necessary to
3 assure that all of his agents and employees understand and comply with this agreement.

4 7. While this Order settles this administrative matter between Respondent SCOTT
5 RENNY BOGUE, SR. and the Commission, Respondent understands that this Order does not
6 preclude the Commission from instituting other administrative or civil proceedings based on
7 violations that are not addressed by this Order.

8 8. Respondent SCOTT RENNY BOGUE, SR. understands that this Order does not
9 preclude the Commission from referring this matter to any governmental agency for
10 administrative, civil, or criminal proceedings that may be related to the matters addressed by this
11 Order.

12 9. Respondent SCOTT RENNY BOGUE, SR. understands that this Order does not
13 preclude any other agency or officer of the state of Arizona or its subdivisions from instituting
14 administrative, civil, or criminal proceedings that may be related to matters addressed by this
15 Order.

16 10. Respondent SCOTT RENNY BOGUE, SR. agrees that he will not apply to the state
17 of Arizona for registration as a securities dealer or salesman or for licensure as an investment
18 adviser or investment adviser representative until such time as all restitution and penalties under
19 this Order are paid in full.]

20 11. Respondent SCOTT RENNY BOGUE, SR. agrees that he will not exercise any
21 control over any entity that offers or sells securities or provides investment advisory services
22 within or from Arizona until such time as all restitution and penalties under this Order are paid in
23 full.

24 12. Respondent SCOTT RENNY BOGUE, SR. agrees that he will not sell any securities
25 in or from Arizona without being properly registered in Arizona as a dealer or salesman, or exempt
26 from such registration; he will not sell any securities in or from Arizona unless the securities are

1 registered in Arizona or exempt from registration; and he will not transact business in Arizona as
2 an investment adviser or an investment adviser representative unless properly licensed in Arizona
3 or exempt from licensure.

4 13. Respondent SCOTT RENNY BOGUE, SR. agrees that he will continue to cooperate
5 with the Securities Division including, but not limited to, providing complete and accurate
6 testimony at any hearing in this matter and cooperating with the state of Arizona in any related
7 investigation or any other matters arising from the activities described in this Order.

8 14. Respondent SCOTT RENNY BOGUE, SR. agrees to continue to cooperate with the
9 court appointed receiver in Cause No. CV2006-16822 and agrees to not contest the validity of the
10 receivership now or in the future.

11 15. Respondent SCOTT RENNY BOGUE, SR. consents to the entry of this Order and
12 agrees to be fully bound by its terms and conditions.

13 16. Respondent SCOTT RENNY BOGUE, SR. acknowledges and understands that if he
14 fails to comply with the provisions of the order and this consent, the Commission may bring
15 further legal proceedings against him, including application to the superior court for an order of
16 contempt.

17 17. Respondent SCOTT RENNY BOGUE, SR. understands that default shall render
18 him liable to the Commission for its costs of collection and interest at the maximum legal rate.

19 18. Respondent SCOTT RENNY BOGUE, SR. agrees and understands that if he fails to
20 make any payment as required in the Order, any outstanding balance shall be in default and shall
21 be immediately due and payable without notice or demand. Respondent agrees and understands

22 ...

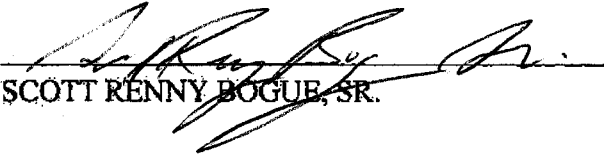
23 ...

24 ...

25 ...


26 ...

1 that acceptance of any partial or late payment by the Commission is not a waiver of default by
2 Commission.

3
4 
5 SCOTT RENNY BOGUE, SR.

6 STATE OF NORTH CAROLINA)
7 County of) ss

8 SUBSCRIBED AND SWORN TO BEFORE me this 24 day of March, 2008.

9
10 
11 NOTARY PUBLIC

12 My Commission Expires:

13 June 24, 2012

